



Billing Code: 8070-01-P

FEDERAL HOUSING FINANCE AGENCY

12 CFR Part 1238

[No. 2013-N-11]

Orders: Information Reporting with Respect to Stress Testing of Regulated Entities

AGENCY: Federal Housing Finance Agency.

ACTION: Orders.

SUMMARY: Three Orders with identical text are being issued by the Federal Housing Finance Agency (FHFA) to supplement the final rule implementing section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

The rule and Order require the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and each of the twelve Federal Home Loan Banks (Banks) (any of the Banks singularly, Bank; Fannie Mae and Freddie Mac collectively, the Enterprises; the Enterprises and the Banks collectively, regulated entities; any of the regulated entities singularly, regulated entity) that has total consolidated assets of more than \$10 billion to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions. One Order applies to the Federal Home Loan Banks; one Order applies to Fannie Mae; and one Order applies to Freddie Mac.

DATES: Each Order with accompanying Summary Instructions and Guidance is effective on [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL

REGISTER].

FOR FURTHER INFORMATION CONTACT: Naa Awaa Tagoe, Senior Associate Director, Office of Financial Analysis, Modeling and Simulations, (202) 649-3140, naaawaa.tagoe@fhfa.gov; Fred Graham, Deputy Director, Division of Federal Home Loan Bank Regulation, (202) 649-3500, fred.graham@fhfa.gov; or Mark D. Laponsky, Deputy General Counsel, Office of General Counsel, (202) 649-3054 (these are not toll-free numbers), mark.laponsky@fhfa.gov. The telephone number for the Telecommunications Device for the Hearing Impaired is (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

FHFA is responsible for ensuring that the regulated entities operate in a safe and sound manner, including the maintenance of adequate capital and internal controls, that their operations and activities foster liquid, efficient, competitive, and resilient national housing finance markets, and that they carry out their public policy missions through authorized activities. See 12 U.S.C. 4513. These Orders are being issued under 12 U.S.C. 4514(a), which authorizes the Director of FHFA to require by Order that the regulated entities submit regular or special reports to FHFA and establishes remedies and procedures for failing to make reports required by Order. The Summary Instructions and Guidance accompanying each Order provides to the regulated entities general advice concerning the content and format of reports required by the Order and rule.

These initial Orders communicate to the regulated entities their reporting requirements under the framework established by the final rule, and the accompanying Summary Instructions and Guidance provide general information on the reporting

requirements. Separate Orders will be issued to advise the regulated entities of the scenarios to be used for the initial stress testing. FHFA anticipates supplementing the rule annually with Orders that provide test scenarios and other instructions and guidance (which may include adjustments to the instructions and advice, changes to the required elements and format, and transmission of the annual scenarios to the regulated entities).

II. Order, Summary Instructions and Guidance

For the convenience of the affected parties, the text of the Orders is recited below in its entirety. You may access these Orders from FHFA's Web site at <http://www.fhfa.gov/Default.aspx?Page=43>. The Orders and Summary Instructions and Guidance will be available for public inspection and copying at the Federal Housing Finance Agency, Eighth Floor, 400 Seventh St., SW, Washington, DC 20024. To make an appointment, call (202) 649-3804.

The text of the Orders and the Summary Instructions and Guidance is as follows:

Federal Housing Finance Agency

Order Nos. 2013-OR-B-1, 2013-OR-FNMA-1, and 2013-OR-FHLMC-1

Information Reporting with Respect to Stress Testing of Regulated Entities

WHEREAS, section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") requires certain financial companies with total consolidated assets of more than \$10 billion, and which are regulated by a primary Federal financial regulatory agency, to conduct annual stress tests to determine whether the companies have the capital necessary to absorb losses as a result of adverse economic conditions;

WHEREAS, the Federal Housing Finance Agency ("FHFA") is the primary Federal financial regulator of the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and each of the 12 Federal Home Loan Banks ("Bank") (individually, a "regulated entity" and, collectively, the "regulated entities");

WHEREAS, each of the regulated entities currently has total consolidated assets of more than \$10 billion;

WHEREAS, FHFA must receive timely information from the regulated entities regarding the stress test results, and section 165(i)(2)(B) of the Dodd-Frank Act requires each regulated entity to submit a report to FHFA and the Board of Governors of the Federal Reserve System (Board), at such time, in such form, and containing such information as FHFA shall require;

WHEREAS, FHFA's rule implementing section 165(i)(2) of the Dodd-Frank Act requires that "[e]ach regulated entity must file a report in the manner and form established by FHFA." 12 CFR § 1238.5(b); and

WHEREAS, section 1314 of the Safety and Soundness Act, 12 U.S.C. § 4514(a) authorizes the Director of FHFA to require regulated entities, by general or specific order, to submit such reports on their management, activities, and operation as the Director considers appropriate.

NOW THEREFORE, it is hereby ordered as follows:

Each regulated entity, pursuant to 12 CFR part 1238, shall report to FHFA and to the Board information with the content and in the form described in the Summary Instructions and Guidance dated September 9, 2013, and accompanying this Order, on the schedule prescribed in FHFA's final rule, 12 CFR part 1238, and in the Summary Instructions and Guidance.

This Order is effective 30 days after publication in the Federal Register.

Signed at Washington, DC, this 9th day of September, 2013.

Edward J. DeMarco,
Acting Director, Federal Housing Finance Agency.

Edward J. DeMarco,
Acting Director, Federal Housing Finance Agency.

September 9, 2013
Date

The Summary Instructions and Guidance are as follows:

[GPO, INSERT CAMERA READY PAGES 5 – 56 HERE.]

[FR Doc. 2013-22914 Filed 09/25/2013 at 8:45 am; Publication Date: 09/26/2013]